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LISTING STATEMENT NO. 2429.

LISTED FEBRUARY 9, 1970.  
1,257,334 Common shares without par value of which  
243,148 are subject to issuance.  
Stock Symbol "GFL".  
Post Section 9.4.  
Dial Quotation No. 2356.

FFR 17 1970

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

GRISSOL FOODS LIMITED

Incorporated under the Laws of the Province of Ontario by  
Letters Patent dated December 28, 1960

CAPITALIZATION AS AT OCTOBER 31, 1969

SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Convertible preference shares, redeemable, non-voting, 1% non-cumulative, of the par value of \$1 each	800,000	624,512	NIL
Common shares without par value	4,000,000	1,014,186	1,257,334*
*of which 243,148 are subject to issuance			
FUNDED DEBT*			
6% first mortgage bonds	\$2,000,000	2,000,000	NIL
8% first mortgage bonds	—	58,500	NIL
*issued by subsidiary companies			

December 30, 1969

1. APPLICATION

GRISSOL FOODS LIMITED (hereinafter called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 1,257,334 common shares without par value in the capital stock of the Company, of which 1,014,186 have been issued and are outstanding as fully paid and non-assessable. The remaining 243,148 common shares in this application have been reserved as follows:

For issue upon acceptance of the offer to exchange 2 common shares without par value of Grissol Foods Limited for each common share of the par value of \$2.40 each of Viau Limitée. As at October 31, 1969, the holders of 6,445 Viau common shares had not yet accepted the offer which was extended on that date to April 30, 1970	12,890
For issue upon the exercise of outstanding stock purchase warrants	200,000
For issue upon conversion of convertible preference shares	30,258
	<u>243,148</u>

2. HISTORY

The Company was incorporated in 1960 under the Laws of the Province of Ontario under the name Calypso Food and Beverage Company Limited.

3. NATURE OF BUSINESS

The activities of Grissol are the manufacturing, packaging and distribution of food products in general.



The following is a summary of the overall business conducted by Grissol from 1961 to 1969.

*Beverages—*

The first operations of the Company at the time of its inception in 1960, were the production of non-carbonated fruit drinks distributed in disposable containers. The acquisition of Mont Clair Foods Ltd. in November, 1961, brought in an additional product, canned apple juice. For reasons of non-profitability, these operations ceased in 1962. Subsequently Grissol has been successful in marketing a carbonated beverage under the name of "Grissol 1967". It consists of the most popular types of mixes for alcoholic beverages. Sales are made directly to bars, hotels, restaurants, etc., in a glass bottle containing an individual portion. Competitors include Canada Dry, 7 Up, Coke.

*Bread and Snack Specialties—*

Grissol entered this field after its acquisition of "The Grissol Bread Specialties Limited" in November, 1961. At that time it produced a variety of bread products, including bread sticks of different flavours and seasonings, melba toast, rusks, bread crumbs, etc. Additional lines have since been introduced such as snack items, including pretzels. Competitors include Old London, Christie's.

*Soups—*

Grissol purchased J. R. Loney Foods Limited in August, 1961. Loney manufactures, packages and distributes dehydrated soups and soup bases of different flavours under its own name. These products are known under the name of Loney and have received a successful acceptance from the consumers, and enjoy a strong position in this competitive market. Operations are well mechanized. Principal competitor is Lipton.

*Packaging—*

In order to obtain a maximum return on the utilization of its modern equipment, Grissol is also engaged in the field of custom packaging through its subsidiary "Contra-Pack Limited", which was incorporated in May, 1963.

*Pretzels—*

Grissol-Quinlan Limited was incorporated in November, 1963, for the purpose of forming an association with a leading manufacturer of Pretzels in the United States, and gaining access to research and development in this product field. Competitors include Christie's.

*Cookies—*

In August, 1968, Grissol acquired the inventories and equipment of "Aux Petits Fours Inc.", a small manufacturer of fancy cookies and biscuits.

*Biscuits and Candies—*

On January 9, 1969, Grissol purchased 51.5% of the outstanding common shares of Viau Limitée. Under the terms of an offer dated March 19, 1969, Grissol offered to acquire:

- a) all of the issued and outstanding common shares of the par value of \$2.40 each of Viau by exchanging therefor 2 common shares without par value in the capital of Grissol for each Viau common share, and
- b) all of the issued and outstanding Viau preferred shares, 1% non-cumulative, redeemable at par of the par value of \$1 each by exchanging therefor one non-voting convertible preference share, 1% non-cumulative, redeemable, of the par value of \$1 each of Grissol, for each Viau preferred share.

On October 31, 1969, Grissol extended to April 30, 1970, the period for acceptance of the above offer. As of that date Grissol had acquired 97.2% of the Viau common shares and 89.7% of the Viau preferred shares.

Viau, founded in 1867, is a manufacturer of biscuits, chocolates and candies, and enjoys an excellent reputation throughout the Canadian market. Competitors include Christie's, David Biscuits.

*Meats—*

Grissol, in December, 1968, agreed to purchase all the issued and outstanding shares of Taillefer & Fils Inc. Subsequently, Grissol transferred to Viau Limitée all its rights in this agreement, and Viau acquired Taillefer.

Taillefer, incorporated in 1959, manufactures and distributes prepared meat dishes. Competitors include Hygrade Meat Products.

*Markets—*

The above products are sold directly to retail outlets including chains, co-operative chains, and independents. Special individual packages are made to meet the increasing demands of the institutional accounts. While sales are made primarily in the Provinces of Québec and Ontario, distribution extends across Canada and into the United States through agents and representatives, supported, where practical, by warehouse depots. The Company operates an extensive fleet of trucks and delivery vans to service market requirements.

*Grissol Operating Results—*

The growth of Grissol during the 5 years before the acquisitions of Viau and Taillefer is indicated below:

<u>Year Ended April 30</u>	<u>Total Sales</u>	<u>Net Earnings</u>
1968	\$3,006,570	\$174,997
1967	2,606,827	137,031
1966	2,099,500	103,796
1965	1,745,591	64,646
1964	1,343,853	59,484



### Viau Operating Results—

The operating results of Viau Limitée for the 5 years prior to acquisition in 1969 were:

<u>Fiscal Period Ended</u>	<u>Total Sales</u>	<u>Net Earnings</u>
1968* (11 months)	\$7,165,788	\$247,628
1968	7,494,359	212,300
1967	6,957,773	327,544
1966	6,808,817	326,669
1965	6,900,476	335,631

\*The end of the fiscal year had been changed to December 31 of each year, beginning in 1968; the preceding fiscal periods of 12 months ended on February 2.

### Taillefer Operating Results—

The operating results of Taillefer & Fils Inc. for the 5 years prior to acquisition were:

<u>Year Ended September 30</u>	<u>Total Sales</u>	<u>Net Earnings</u>
1968	\$2,465,158	\$96,504
1967	2,274,899	66,118
1966	2,094,611	82,044
1965	1,310,075	61,401
1964	900,813	30,745

*Consolidated Operating Results—for the year ended April 30, 1969*

[illegible]

The above consolidated operating results include the sales and earnings of Viau Limitée and Taillefer & Fils Inc. for the 4-month period ending April 30, 1969:

## Viau &amp; Taillefer—4-month ended April 30, 1969

Combined sales	\$3,494,659
Combined Earnings—before minority interest	\$ 89,717

### Employees and Unions

	<u>No. of Employees (approx.)</u>	<u>Union</u>
Grissol—Ste.-Martine	50	F.C.A.I.
Grissol—LaSalle	60	F.C.A.I.
Viau—Montréal	400	C.N.T.U.
Taillefer—Montréal	60	United Packing House, Food and Allied Workers

Collective agreements are in force and labour relations have been satisfactory.

### Depreciation

Grissol has consistently charged depreciation of fixed assets to operations on a basis similar to that allowed in computing capital cost allowances under Federal Income Tax Regulations, i.e.:

Buildings:	5%	diminishing balance
Equipment:	20%	diminishing balance
Rolling stock:	30%	diminishing balance

4.

## INCORPORATION

Grissol Foods Limited was incorporated under the name of Calypso Food and Beverage Company Limited by Letters Patent dated December 28, 1960, and issued under the laws of the Province of Ontario.



On July 12, 1961, Supplementary Letters Patent were granted to the Company, changing the Company from a private company to a public company, reducing the authorized capital of the Company by the cancellation of 3,600 preference shares of the par value of \$10 each, subdividing the 4,000 common shares without par value into 400,000 common shares without par value, and increasing the authorized share capital of the Company by the creation of 600,000 additional common shares without par value.

On September 19, 1962, Supplementary Letters Patent were granted to the Company changing the name of the Company from Calypso Food and Beverage Company Limited to Grissol Foods Limited.

On January 14, 1969, Supplementary Letters Patent were granted to the Company increasing the authorized share capital by the creation of 3,000,000 additional common shares without par value, and modifying the provisions of the general by-laws with respect to the place where shareholders meetings and meetings of the Board of Directors of the Company may be held.

On March 17, 1969, Supplementary Letters Patent were granted to the Company increasing the authorized capital of the Company by the creation of 800,000 non-voting convertible preference shares 1% non-cumulative, redeemable, of the par value of \$1 each.

## 5. SHARE ISSUES DURING PAST TEN YEARS

Date of issue		Number of shares	Amount realized per share	Consideration realized	Purpose
<u>Common shares without par value</u>					
December 1960	private	400,000	\$ .20	\$ 80,300 cash	Original working capital
July 1961	public	100,000	2.50	250,000 cash	Working capital
March 1962	public	100,000	2.50	250,000 cash	Acquisition of Grissol Bread Specialities Ltd. and Mont Clair Foods Ltd.
March 1969	private	200,000	6.00	1,200,000 cash	Acquisition of Taillefer & Fils Inc.
March 1969 to October 31, 1969	public	213,306	6.72	1,431,729*	Acquisition of Viau Limitée
July 1969	conversion	880	25.00	22,000	Conversion of 22,000 preferred shares
		<u>1,014,186</u>		<u>\$3,234,029</u>	

### Preference shares

March 1969 to October 31, 1969 (less 22,000 converted to common)	public	<u>646,512</u>	1.00	<u>\$ 646,512*</u>	Acquisition of Viau Limitée
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\*Share exchange under the terms of an offer dated March 19, 1969, and giving effect thereof to October 31, 1969.

## 6. STOCK PROVISIONS AND VOTING POWERS

### *Common Shares*

#### *Voting Rights—*

Holders of the common shares are entitled to receive notice of all meetings of the shareholders of the Company and to attend and vote thereat and they are entitled to one vote in respect of each common share held.

#### *Dividend Rights—*

Holders of the Common shares shall be equally and rateably entitled to receive such dividends as are declared by the Board of Directors.

#### *Liquidation or Distribution Rights—*

In the event of liquidation, or winding-up of the Company, or other distribution of assets to its shareholders, the holders of the common shares shall be entitled to share equally and rateably in the assets of the Company available for distribution to the common shareholders.

#### *Modification of Rights—*

The modification, amendment, or variation of any rights or provisions of the Letters Patent and Supplementary Letters Patent of the Company may only be authorized, in addition to authorization by Special Resolution, and in addition to any authorization required by The Corporations Act (Ontario), by the affirmative votes of at least two-thirds ( $\frac{2}{3}$ ) of the votes cast at a meeting of the holders of the common shares duly called for that purpose in accordance with The Corporations Act (Ontario).

### *Convertible Preference Shares*

#### *Dividend Rights—*

The holders are entitled to a non-cumulative preferential dividend of 1% per annum during the period of 5 years immediately following the first day of May, 1969, and of 3% per annum thereafter. The holders of the convertible preference shares shall not be entitled to any other dividend.



#### Voting Rights—

There are no voting rights whatever attached to the convertible preference shares, except as a class and as referred to under the heading "Modification of Rights" below.

#### Liquidation or Distribution Rights—

Upon liquidation, dissolution, or winding up, the convertible preference shares shall rank as regards repayment of capital in priority to all other shares of the Company.

#### Modification of Rights—

The deletion or varying of any preference, right, condition, restriction, limitation, or prohibition attaching to the convertible preference shares, or the creation of preference shares ranking in priority to or on a parity with the convertible preference shares, may only be authorized in addition to authorization by Special Resolution, and in addition to any authorization required by The Corporations Act (Ontario), by the affirmative votes of at least two-thirds ( $\frac{2}{3}$ ) of the votes cast at a meeting of the holders of the convertible preference shares duly called for that purpose in accordance with The Corporations Act (Ontario).

#### Conversion Rights—

The holders of the convertible preference shares shall have the right at any time up to the close of business on the first day of May, 1989, to convert fully paid convertible preference shares into fully paid and non-assessable common shares of the Company on the basis of 1 common share for every 25 convertible preference shares so converted. No holder of convertible preference shares shall be entitled to receive on the conversion thereof any fractional common share, nor shall the Company issue or cause to be issued a script certificate or certificates in respect of fractions of common shares.

#### Redemption Rights—

The Company may upon giving notice in writing of not less than 30 days, redeem the whole or any part of the convertible preference shares on payment for each share to be redeemed of the amount paid up thereon, together with all dividends declared thereon and unpaid. The Company may, at any time and from time to time, purchase for cancellation in the open market or by private sale the whole or any part of the convertible preference shares at the lowest price at which, in the opinion of the directors, such shares are obtainable but not exceeding the amount paid up thereon, together with all dividends declared thereon and unpaid.

### 7.

#### DIVIDEND RECORD

Particulars of the dividends paid by Grissol Foods Limited during the last 5 fiscal years preceding the date hereof are as follows:

<u>Fiscal year ended</u>	<u>Date paid</u>	<u>Dividend paid on common share</u>	<u>Total Dividends on common shares</u>
April 30, 1966	February 25, 1969	\$0.025	\$15,000
April 30, 1968	February 23, 1968	\$0.025	\$15,000
April 30, 1967	February 25, 1967	\$0.025	\$15,000
April 30, 1966	February 25, 1966	\$0.025	\$15,000
April 30, 1965	—	—	—

### 8.

#### RECORD OF PROPERTIES OF GRISSOL AND ITS SUBSIDIARIES

Grissol owns a plant in St. Martine, Québec, 15 miles South-west of Montréal. This plant of an approximate area of 34,000 sq. ft. was built on a lot over 9 acres. Most of the manufacturing and packaging operations are conducted in this plant.

Grissol leases premises at 9163 Boivin Street, LaSalle, Québec, about 13 miles from the Ste.-Martine plant and less than 5 miles from downtown Montréal. These premises of a total area of approximately 20,000 sq. ft. serve as manufacturing, packaging and warehousing space, and are used as the main distribution center.

Grissol also leases warehousing space in eight (8) localities in the Provinces of Québec and Ontario, namely in Arvida, Epiphanie, Trois Rivières, Québec City, Sherbrooke, and St. Jerome, in Québec; and Ottawa and Toronto, in Ontario.

A subsidiary, J. R. Loney Foods Limited, owns a building in the city of Montréal which is presently leased to a printing company. These premises were used originally as plant and offices by The Grissol Bread Specialties Limited, prior to the moving to St. Martine and La Salle plants.

Viau Limitée, a subsidiary, owns a plant and office building on Viau Street, in the South-east section of Montréal. These buildings were built in different stages: original plant of an approximate area of 200,000 sq. ft. was built in 1907; additional manufacturing space of some 125,000 sq. ft., a new power plant, a garage, and a separate office building were erected in 1952. Viau Limitée also owns warehouses in Québec City and Hull, Québec.

Taillefer & Fils Inc. a subsidiary, owns a plant and office building on Beaumont Street, in the central section of Montréal.

The Grissol executive and administrative offices were recently re-located in the office building on Viau Street.

The land, buildings, and machinery and equipment of Viau Limitée, were appraised on June 20, 1969, by Warnock Hersey International Limited—Professional Services Division, at a net depreciated replacement value of \$6,103,645, which exceeds by \$4,627,633 the net depreciated book value of \$1,476,012 at April 30, 1969.



9.

## SUBSIDIARY COMPANIES

	Capital stock Authorized	Issued	% Owned	Date Acquired	Business
J. R. Loney Foods Limited					
6% cum. pfd. sh. p.v. \$10 .....	6,246	6,200	100%	August 1961	Item 3.4
common n.p.v. ....	25,000	18,536	100%		
Grissol-Quinlan Limited					
common p.v. \$1.00 .....	50,000	1,000	95%	November 1963	Item 3.6
The Grissol Bread Specialties Limited					
5% cum. part pfd. \$100 .....	1,000	73	100%	November 1961	Item 3.3
common p.v. \$100 .....	800	560	100%		
Mont Clair Foods Ltd.					
6% non-cum. pfd. p.v. \$5 .....	5,000	800	100%	November 1961	Inactive
common n.p.v. ....	500	200	100%		
Viau Limitée					
1% non-cum. pfd. p.v. \$1 .....	3,000,000	1,238,104	89.7%	January 1969	Item 3.8
common p.v. \$2.40 .....	400,000	233,108	97.2%		
Taillefer & Fils Inc. (a subsidiary of Viau Limitée)					
7% non-cum. pfd. \$1.00 .....	100,000	—	—	December 1968	Item 3.9
common p.v. \$5.00 .....	200	100	100%		
Grissol Properties Limited (a subsidiary of Viau Limitée)					
common n.p.v. ....	10,000	1,000	100%	June 1969	Item 10

10.

## FUNDED DEBT

\$2,000,000—6% first mortgage bonds.

In July, 1969, Grissol Properties Limited, a wholly-owned subsidiary of Viau Limitée incorporated in June, 1969, acquired substantially all the land, buildings, and machinery and equipment of Grissol Foods Limited, J. R. Loney Foods Limited, and Viau Limitée.

In July, 1969, Grissol Properties Limited privately placed \$2,000,000—6% first mortgage bonds, dated July 1, 1969, and maturing July 1, 1989, for a cash consideration of \$1,900,000, with Industrial Growth Fund Ltd., 238 Bloor Street West, Toronto 5, Ontario. These first mortgage bonds are unconditionally guaranteed by Grissol Foods Limited, and sinking fund payments of \$100,000 per annum commence on July 1, 1974.

In conjunction with the foregoing, Grissol Foods Limited privately placed with Industrial Growth Fund Ltd., for a cash consideration of \$100,000, warrants representing the right to purchase 200,000 common shares of Grissol Foods Limited at a price of \$8 each until the maturity date of the bonds on July 1, 1989. During the five years commencing July 1, 1969, the right of subscription is limited to 25,000 shares during each year.

Taillefer & Fils Inc.

\$58,000—8% first mortgage bonds payable in quarterly installments of \$4,500 until 1973.

11.

## OPTIONS, UNDERWRITINGS, ETC.

12,890 unissued common shares have been reserved, as of October 31, 1969, for the exercise of exchange of 2 common shares without par value of Grissol Foods Limited for each common share of the par value of \$2.40 each of Viau Limitée. As at October 31, 1969, the holders of 6,545 Viau common shares had not yet accepted the Offer which was extended on that date to April 30, 1970.

The preference shares are convertible on the basis of one common share for each 25 preference shares. Of the authorized capital, 31,138 unissued common shares have been reserved for this purpose, of which 880 have been issued.

In July, 1969, 200,000 unissued common shares were reserved for the exercise of the stock purchase warrants.

12.

## LISTING ON OTHER STOCK EXCHANGES

The common shares are presently listed on the Canadian Stock Exchange. Simultaneous application is now being made to have the common shares listed on the Montréal and Toronto Stock Exchanges.

13.

## STATUS UNDER SECURITIES ACTS

Particulars of any filing, registration, approval or qualification with or by the Ontario Securities Commission or any corresponding governmental body or authority are as follows:

The Ontario and Québec Securities Commissions have issued official receipts, acknowledging receipt of the material required under the various Acts and Regulations in reference to the offering of \$2,000,000 6% first mortgage bonds, the preference shares, and the common no par value shares of the Company.

14.

## FISCAL YEAR

The fiscal year of the Company ends on April 30 in each year.



15.

## ANNUAL MEETINGS

The By-laws of the Company provide that the annual meeting of the Company shall be held at the head office of the Company or at such other place in Ontario or in the City of Montréal, Québec, on such date in each year as the Board of Directors may determine from time to time. The last annual meeting of shareholders was held September 4, 1969, in Montréal.

16.

## HEAD AND OTHER OFFICES

The head office is located at 238 Bloor Street West, Toronto, Ontario, Canada. Executive offices are located at 4945 Ontario Street East, Montréal, Québec, Canada.

17.

## TRANSFER AGENT

The Transfer Agent of the Company is:

The Royal Trust Company, Montréal, Québec, and Toronto, Ontario.

18.

## TRANSFER FEE

No fee is charged on stock transfers other than the customary Government stock transfer taxes.

19.

## REGISTRAR

The Registrar of the common shares of the Company is:

The Royal Trust Company, 119 Adelaide Street, Toronto, Ontario.

20.

## AUDITORS

The auditors of the Company are:

McDonald, Currie & Co., Chartered Accountants, 630 Dorchester Boulevard West, Montréal, Québec.

21.

## OFFICERS &amp; DIRECTORS

The Officers and Directors of the Company are:

<u>Name and Address</u>	<u>Office</u>	<u>Principal Occupation</u>
Jean-Paul Beaudoin 22 Fernlea Town of Mount Royal, Québec	Director	President, John Lewis Inc.
Raymond David, C.A. 456 Lethbridge Town of Mount Royal, Québec	Director	President, Raymond David Inc.
Roderick C. Foster, C.A. 244 Allancroft Crescent Beaconsfield, Québec	Vice-President, Finance, and Director	Vice-President, Grissol Foods Limited
Yves Hudon 1 Merton Crescent Hampstead, Québec	President and Director	President, Grissol Foods Limited
Richard C. W. Mauran 95 Ardwood Gate Toronto, Ontario	Chairman of the Board of Directors	Chairman of the Board, Harvey's Foods Limited
René Samson 439 Mount Pleasant Westmount, Québec	Director	Food Technologist, R. Samson & Associés
George B. Sukornyk, Q.C. 23 Oxbow Road Willowdale, Ontario	Secretary and Director	President, Harvey's Foods Limited
Frank E. Telfer 100 Easton Road Montréal West, Québec	Director	Executive, G. Gordon Symons Co. Ltd.
George Turgeon 20612 Lakeshore Road Baie d'Urfe Ste-Anne de Bellevue, Québec	Vice-President and Director	President, Taillefer & Fils Inc.

# CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, Grissol Foods Limited hereby applies for listing of the aforementioned securities on The Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are to the best of their knowledge true and correct.

GRISSOL FOODS LIMITED



Per: "Y. HUDON",  
President

Per: "R. C. FOSTER",  
Vice-President, Finance

Dated December 31, 1969.

## DISTRIBUTION OF COMMON STOCK AS OF NOVEMBER 17th, 1969

Number		Shares
41	..... Holders of 1 — 24 share lots .....	447
128	..... " " 25 — 99 " " .....	6,100
182	..... " " 100 — 199 " " .....	18,919
106	..... " " 200 — 299 " " .....	21,451
27	..... " " 300 — 399 " " .....	8,209
25	..... " " 400 — 499 " " .....	10,035
54	..... " " 500 — 999 " " .....	33,039
76	..... " " 1000 — up " " .....	915,986
<u>639</u>	Shareholders	<u>Total shares 1,014,186</u>



# FINANCIAL STATEMENTS

## GRISSOL FOODS LIMITED AND SUBSIDIARIES

INTERIM CONSOLIDATED BALANCE SHEET AS AT NOVEMBER 7, 1969

### ASSETS

#### CURRENT ASSETS

Cash	\$ 96,557
Marketable securities—at cost	213,605
Accounts receivable	1,185,371
Inventories—at the lower of cost or replacement cost	1,630,827
Prepaid expenses and deposits	193,041
	<u>3,319,401</u>

#### FIXED ASSETS

Land—at cost	297,535
Buildings, machinery and equipment—at cost, less accumulated depreciation of \$4,463,447	2,110,376
	<u>2,407,911</u>

#### OTHER ASSETS

Land and building, leased—at cost, less accumulated depreciation of \$64,956	75,293
Trademarks, formulae and recipes—at cost, less amortization	2,690
Discount on mortgage bonds, less amortization	97,500
	<u>175,483</u>

#### EXCESS OF COST OF INVESTMENT IN SHARES OF SUBSIDIARY COMPANIES OVER NET BOOK VALUE OF ASSETS

	3,607,281
	<u><u>\$9,510,076</u></u>

### LIABILITIES

#### CURRENT LIABILITIES

Accounts payable and accrued liabilities	1,330,432
Income taxes	200,458
Current portion of long-term debt	155,825
	<u>1,686,715</u>

#### LONG-TERM DEBT (note 3)

2,408,000

#### DEFERRED INCOME TAXES (note 4)

91,945

#### MINORITY INTEREST IN NET ASSETS OF CONSOLIDATED SUBSIDIARY COMPANIES (including \$430,495 applicable to preferred shares)

482,605

### SHAREHOLDERS' EQUITY

#### CAPITAL STOCK (notes 5 and 6)

##### Authorized—

800,000 convertible preference shares, 1% non-cumulative redeemable non-voting of a  
par value of \$1 each

4,000,000 common shares of no par value

##### Issued and fully paid—

624,512 preference shares 624,512

1,014,186 common shares 3,234,029

Contributed Surplus—arising from warrants issued during the period for cash 100,000

RETAINED EARNINGS 882,270

	<u>4,840,811</u>
	<u><u>\$9,510,076</u></u>

SIGNED ON BEHALF OF THE BOARD:

“Y. HUDON”, Director.

“R. C. FOSTER”, Director.



**GRISSOL FOODS LIMITED**  
AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENT OF RETAINED EARNINGS  
FOR THE TWENTY-EIGHT WEEKS ENDED NOVEMBER 7, 1969

BALANCE—BEGINNING OF YEAR	\$672,148
Net earnings for the period	210,122
BALANCE—END OF PERIOD	<u>\$882,270</u>

INTERIM CONSOLIDATED STATEMENT OF EARNINGS  
FOR THE TWENTY-EIGHT WEEKS ENDED NOVEMBER 7, 1969

Sales	\$7,829,359
Manufacturing, selling and administrative costs	<u>7,377,212</u>
Profit from operations	452,147
Income taxes (note 4)	<u>239,370</u>
	212,777
Minority interest	<u>2,655</u>
Net earnings for the period (note 8)	<u>\$ 210,122</u>

INTERIM CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS  
FOR THE TWENTY-EIGHT WEEKS ENDED NOVEMBER 7, 1969

SOURCE OF FUNDS

Net earnings for the period	\$ 210,122
Add: Depreciation and amortization	147,607
Minority interest	<u>2,655</u>
	360,384
Less: Reduction in deferred income taxes	<u>31,000</u>
	329,384

Increase in long-term debt

Mortgage bonds	\$2,000,000
Less: discount	<u>100,000</u>
	1,900,000
Term bank loan	<u>450,000</u>
	2,350,000
Issue of warrants	<u>100,000</u>
	<u>2,799,384</u>

USE OF FUNDS

Additions to fixed assets—net	110,559
Repayment of long-term debt	113,925
Repayment of special bank loan	2,865,000
Purchase of preferred shares—Viau Limitée	<u>99,518</u>
	3,209,002

DECREASE IN WORKING CAPITAL	429,618
WORKING CAPITAL—BEGINNING OF YEAR	<u>2,062,304</u>
WORKING CAPITAL—END OF PERIOD	<u>\$1,632,686</u>



**GRISSOL FOODS LIMITED****AND SUBSIDIARIES****NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE TWENTY-EIGHT WEEKS ENDED NOVEMBER 7, 1969****1. BASIS OF CONSOLIDATION**

The consolidated balance sheet includes the accounts of all wholly-owned subsidiaries and the consolidated accounts of the partly-owned subsidiary, Viau Limitée (97.2%), and its wholly owned subsidiaries, Taillefer & Fils Inc., and Grissol Properties Limited.

**2. 6% FIRST MORTGAGE BONDS**

Funds were obtained by the private sale of \$2,000,000 principal amount netting \$1,900,000 of 6% Sinking Fund First Mortgage Bonds, dated July 1, 1969, and maturing July 1, 1989, by Grissol Properties Limited, a new wholly-owned subsidiary of Viau Limitée, which was created in June, 1969, to acquire substantially all the land, buildings, and machinery and equipment of the parent and subsidiary companies. Sinking fund payments of \$100,000 per annum commence on July 1, 1974.

These first mortgage bonds are unconditionally guaranteed by Grissol Foods Limited and are accompanied by share purchase warrants issued for a cash consideration of \$100,000 and granting the holders thereof the right to subscribe to 200,000 common shares of Grissol Foods Limited at a price of \$8 each until the maturity date of the bonds on July 1, 1989. During the five years commencing July 1, 1969, the right of subscription is limited to 25,000 shares during each year.

**3. LONG-TERM DEBT**

Long-term debt consists of the following:

6% first mortgage bonds secured (note 2) .....	\$2,000,000
Term bank loan payable \$90,000 annually at a fluctuating rate of interest and secured by the pledge of accounts receivable .....	450,000
7½% term bank loan payable \$30,000 annually (secured) .....	47,500
7% loan payable \$200 monthly (secured) .....	400
7% loan payable \$7,425 on September 1, each year (secured) .....	7,425
8% first mortgage bonds payable in quarterly installments of \$4,500 until 1973 .....	58,500
	<u>2,563,825</u>
Less: Current portion .....	155,825
	<u>\$2,408,000</u>

**4. DEFERRED INCOME TAX**

The income taxes charged to the earnings for the year have been reduced by \$15,000 of deferred income taxes applicable to the current period.

**5. CHANGES IN CAPITAL STOCK**

Issued—

During the period the following shares were issued:

- (a) 58,454 preference shares in exchange for 58,454 preferred shares of a par value of \$1 each of Viau Limitée.
- (b) 18,826 common shares in exchange for 9,413 common shares of a par value of \$2.40 each of Viau Limitée.
- (c) 880 common shares on conversion of 22,000 preference shares.

**6. RESERVATION OF CAPITAL STOCK**

The preference shares are convertible on the basis of one common share for each 25 preference shares. Of the authorized capital, 32,000 unissued common shares were reserved for this purpose of which 880 have been issued.

On July 2, 1969, 200,000 unissued common shares were reserved for the exercise of the stock purchase warrants referred to in note 2.

**7. COMMITMENT AND OFFER TO ACQUIRE MINORITY INTEREST IN COMMON AND PREFERRED SHARES OF VIAU LIMITEE**

- (a) The Company has agreed to purchase from two shareholders of Viau Limitée 398,072 preferred shares of that subsidiary at the par value of \$1 each, the total price of \$398,072 being payable in four annual installments of \$99,518. The first installment due July 1, 1969, was paid.
- (b) On March 19, 1969, the Company made an offer to acquire the remaining preferred and all of the common shares of Viau Limitée held by other minority shareholders in consideration for the issue of two common shares of the Company for each common share of Viau Limitée, and of one convertible preference share of the Company for each preferred share of Viau Limitée. The offer was subsequently extended to April 30, 1970.
- (c) As at November 7, 1969, the holders of 106,553 common shares and of 646,512 preferred shares of Viau Limitée had accepted the offer, increasing the Company's holdings to 97.2% of the common shares and, after completion of the purchase referred to in paragraph (a), to 89.7% of the preferred shares of that company.

**8. STATUTORY INFORMATION**

Manufacturing, selling and administrative costs include:

Depreciation of fixed assets .....	\$145,107
Remuneration of executive officers .....	49,950
Directors' fees .....	2,700
Interest on long-term debt .....	44,600
Amortization of discount on debenture .....	2,500



